District I
1625 N French Dr , Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 16, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

60110

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action: ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

Operator: Dugan Production Corp. OGRID #: 006515
Address: 709 East Murray Drive, Farmington, New Mexico 87401 RCVD JUL 15 '08
Facility or well name: Road Runner #93 OIL CONS. DIV.
API Number: 30-045-34523 OCD Permit Number: DIST. 3
U/L or Qtr/Qtr D Section 36 Township 24N Range 11W County: San Juan
Center of Proposed Design: Latitude 36.27387 North Longitude 107.96050 West NAD: ☐1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation
☒ Lined ☐ Unlined
Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC
☐ Other ☒ String-Reinforced
Seams: ☐ Welded ☒ Factory ☐ Other
Volume: 600 bbl Dimensions: L 76' x W 13' x D 8'

☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
☐ Drying Pad ☐ Tanks ☐ Haul-off Bins ☐ Other
☐ Lined ☐ Unlined
Liner type: Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC
☐ Other
Seams: ☐ Welded ☐ Factory ☐ Other
Volume: bbl yd³
Dimensions: Length x Width

☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: bbl
Type of fluid:
Tank Construction material:
☐ Secondary containment with leak detection
☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner
☐ Visible sidewalls only
☐ Other
Liner type: Thickness mil ☐ HDPE ☐ PVC
☐ Other

Fencing: Subsection D of 19.15.17.11 NMAC
☐ Chain link, six feet in height, two strands of barbed wire at top
☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
Netting: Subsection E of 19.15.17.11 NMAC
☐ Screen ☐ Netting ☐ Other
☐ Monthly inspections
Signs: Subsection C of 19.15.17.11 NMAC
☒ 12'x24', 2' lettering, providing Operator's name, site location, and emergency telephone numbers
☐ Signed in compliance with 19.15.3.103 NMAC

☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Administrative Approvals and Exceptions:
Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.
Please check a box if one or more of the following is requested, if not leave blank:
☒ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.
☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

RECEIVED APR 2010 OIL CONS. DIV. DIST. 3

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: ***The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance.*** **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☒ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☒ No

Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: ***Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.15 NMAC
- ☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.15 NMAC
- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☒ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: 30-045-_____ or Permit Number: _____

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: ***Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Geologic and Hydrogeologic Data (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.15
- ☐ Siting Criteria Compliance Demonstrations (required for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.15 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

Proposed Closure: 19.15.17.13 NMAC

Type: ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method: ☐ Waste Excavation and Removal
☒ On-site Closure Method (only for temporary pits and closed-loop systems)
☒ In-place Burial ☐ On-site Trench Burial
☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☒ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☒ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☒ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☒ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☒ No

Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (or liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Waste Removal Closure For Closed-loop Systems That Utilize Haul-off Bins Only: (19.15.17.13.D NMAC) ***Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings.***

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

On-Site Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Construction and Design of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
- ☒ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Kurt Fagrelius Title: Vice President, Exploration

Signature: Kurt Fagrelius Date: 7-11-08

e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821 (O), 505-320-8248 (C)

OCD Approval: ☒ ~~Permit Application (including closure plan)~~ ☒ ~~Closure Plan (only)~~

OCD Representative Signature: _____ **Approval Date:** 1/03/11 8-4-08

Title: Envir. Spec **OCD Permit Number:** _____

Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

☒ **Closure Completion Date:** 10-17-2009

Closure Method:

☐ Waste Excavation and Removal ☒ On-Site Closure Method ☐ Alternative Closure Method

☐ If different from approved plan, please explain.

Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

- ☒ Proof of Closure Notice
- ☐ Proof of Deed Notice (if applicable)
- ☒ Plot Plan
- ☒ Confirmation Sampling Analytical Results
- ☒ Waste Material Sampling Analytical Results
- ☒ Disposal Facility Name and Permit Number
- ☒ Soil Backfilling and Cover Installation
- ☒ Re-vegetation Application Rates and Seeding Technique
- ☒ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude 36.27389° N Longitude 107.96051° W NAD: ☐ 1927 ☒ 1983

Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Kurt Fagrelius Title: Vice President, Exploration

Signature: Kurt Fagrelius Date: 2-8-2010

e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821

Dugan Production Corp.
Closure Report

Lease Name: Road Runner #93
API No.: 30-045-34523

In accordance with Rule 10.15.17.13 NMAC the following information describes the closure of the temporary pit referenced above. All proper documentation concerning closure activities is included with the C-144. The temporary pit for this location was an approved design under Rule 19.15.17. **The closure plan for the temporary pit was submitted on 7-11-2008 and approved on 8-4-2008.**

1. Comply with siting criteria for temporary pits established by the State of New Mexico, Energy Minerals and Natural Resources Department 19.15.17.10 NMAC.

   See approved permit dated 8-4-2008

2. Provide the NMOCD district office at least 72-hours notice but no greater than 1-week prior to any closure operations. Notice will include operator name, well name and number, API number, and location (unit letter, section, township and range).

   See email notification dated 10-16-2009.

3. Provide the surface owner notice of the operator's proposal of an on-site closure method. Proof of notice will be attached to the permit application. Also, proof of closure notice will be provided by certified mail to surface owner after closure. Proof of notice will be attached to final closure report.

   Federal Surface, certified notification not applicable as per BLM/OCD MOU.

4. Remove all liquid from pit and reclaim, re-use or dispose of at an NMOCD approved facility. Upon completion of drilling operations, drilling mud will be vacuumed from pit and transported to the next reserve pit for re-use at another drilling location. After the remaining mud settles, the free water that shakes out and any free water left over from completion operations will be hauled to the Dugan Production operated Sanchez O'Brien #1 SWD located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 6, Township 24 North, Range 9 West NMPM, San Juan County, New Mexico. The disposal facility was permitted by the NMOCD with Administrative Order SWD-694.

   Drilling rig was released (7-23-2009) and drilling mud was transferred to the Road Runner #92 for re-use (7-24-2009). Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well.

5. Remove all fluids from temporary pit within 30-days and close within 6-months following release of drilling rig.

   Free water was removed within 30-days and temporary pit was closed (10-17-2009).

6. Air dry pit contents and stabilize or solidify to a load bearing capacity sufficient to support the temporary pit's final cover.

   Pit contents were allowed to dry prior to temporary pit closure.

7. Collect a five point, composite sample of the pit contents to demonstrate that Benzene, BTEX, the GRO and DRO combined fraction, TPH. and chlorides (depth to groundwater from bottom of pit is greater than 100-feet), do not exceed the standards as specified in 19.15.17.9.B or the background concentration, whichever is greater.

   A five point composite sample was taken of remaining cuttings in temporary pit and was tested in accordance with Subsection B of 19.15.17.13 (B)(1)(b)(ii). Depth from bottom of pit to top of ground-water is greater than 100-feet. Sample results are attached.

Components	Test Method	Limit (mg/kg)	*Results (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2	**< 0.050**
BTEX	EPA SW-846 8021B or 8260B	50	**<0.45**
TPH	EPA SW-846 418.1	2500	**<100**
GRO/DRO	EPA SW-846 8015M	500	**<26.2**
Chlorides	EPA 300.1	1000 / 500	**208**

8. Other methods if the standards in 19.15.17.9.B can not be met will include: The pit contents may be mixed to a ratio not to exceed 3:1, un-contaminated soil or other material to pit contents. A second five point, composite sample of the contents after treatment or stabilization will be taken to demonstrate that the contents do not exceed the standards. If the second soil analyses do no satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method.

   Not applicable, testing standards of 19.15-17.9 were met.

9. Cut pit liner off at the mud line (solids level); remove liner and apron and transport to a NMOCD approved facility for disposal.

   Pit liner was removed 10-17-2009 and disposed of at the Crouch Mesa Waste Management facility on 10-17-2009 (see attached invoice).

10. Stockpiled sub-surface soil will be used to backfill pit and re-contour well pad (to a final or intermediate cover that blends with the surrounding topography). A minimum of four-feet of compacted, non-waste containing, earthen material will be used as backfill.

    Stockpiled sub-surface soil was used to backfill temporary pit and re-contour well pad. A minimum of four-feet of compacted, non-waste containing, earthen material was used to backfill pit.

11. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed areas of the well pad no longer needed for production operations. The soil cover will include either the background thickness of top soil or one foot of suitable material to establish vegetation at the site whichever is greater.

    Stockpiled surface soil was used to cover backfilled temporary pit and disturbed areas of the well pad no longer needed for production operations. The soil cover included the greater of either the background thickness or one foot of suitable material necessary to establish vegetation. The location was re-contoured to approximate the original topography of the site and diversions were constructed to protect soil cover and minimize erosion.

12. The area will be re-seeded as per BLM guidelines. Re-seeding will be repeated until 70% of the native natural cover is achieved and maintained for two successive growing seasons. The first growing season after the pit is closed the disturbed area will be re-seeded. The seeding method will be to drill on contour whenever possible.

    The area was re-seeded according to BLM/OCD guidelines in October of 2009. The BLM less than 10" seed mix was drilled in at a rate of 2.5# per acre. Re-seeding will be repeated if needed until 70% of the native natural cover is achieved. Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

13. The NMOCD will be notified once successful re-vegetation has been achieved.

    Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

14. A steel marker will be set at the center of the on-site burial following onsite-pit closure (see application for administrative approval). The marker will be (24" X 24") and will have the operator name, lease name, well number, location (UL, Sec., Twp. and Rge.) and that it designates an "on-site burial location" lettering welded on the top side with a 4" threaded collar welded to the bottom side. The marker will be set

at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet deep. When the well is abandoned, a steel riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

A flat steel marker (24" X 24") with the lettering "on-site burial location" was set at ground-level in the center of the burial site. The marker is welded to a 4" pipe that is cemented in a 3-foot deep hole and is shown in the attached photographs (administrative approval was received). When the well is P&A'd, the steel plate will be removed and a riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on the side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

15. Closure Report will be submitted within 60-days of completion of temporary pit closure. Closure report will include the following:
    1) Proof of Closure Notice.
    2) Proof of Deed Notice (if applicable).
    3) Plot Plan.
    4) Confirmation Sampling Analytical Results.
    5) Waste Material Sampling Analytical Results.
    6) Disposal Facility Name and Permit Number.
    7) Soil Backfilling and Cover Installation.
    8) Re-vegetation Application Rates and Seeding Technique.

All items listed above if applicable are attached and submitted on this date.

16. A deed notice identifying the exact location of the on-site burial will be filed with the County clerk in the county where the on-site burial occurs.

Federal Surface, deed notice identifying exact location of on-site burial is not applicable according to BLM/OCD MOU.

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Friday, October 16, 2009 6:45 AM
To: Powell, Brandon, EMNRD; Mark_Kelly@nm.blm.gov; lucas_vargo@blm.gov
Subject: Temporary drilling pit closures.

Dear Sirs: Dugan Production will close the temporary drilling pits on the Road Runner f#91, #92 and #93 on Saturday October 17, 2009.

If you have any questions or require additional information, please contact me at 505-325-1821 or 505-320-8248.

Sincerely, Kurt Fagrelius

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Friday, January 08, 2010 9:57 AM
To: 'Powell, Brandon, EMNRD'; 'Mark_Kelly@nm.blm.gov'
Subject: Temporary Drilling Pit Status

Dear Sirs, Dugan Production has closed the following temporary drilling pits: Flo Jo #92 (Nav. Allot. Surface)
Flo Jo #95 (Fed. Surface)
Road Runner #91, #92, and #93 (Fed. Surface)
Tom Wood Denn #1 and #2 (Nav. Allot. Surface)
Wood Denn #1 and #2 (Nav. Allot. Surface)
Martinez Begay Com #2 (Nav. Allot. Surface)
Gillespie Com #1 (Fed. Surface)

However, the onsite burial markers have not been installed yet due to the frozen soil conditions. Once the surface soils thaw, the burial markers will be installed.

The temporary drilling pit for the Oh Henry #2 (State Surface) has not been closed yet. All of the liquids had been hauled off, however, we are waiting for the remaining pit contents to thaw enough so that they can be sampled and analyzed properly. The pit will then be closed providing the analysis values of the pit are below the accepted threshold.

If you have any questions or require additional information, please contact me.

Sincerely, Kurt Fagrelius

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

Well Name: Road Runner
Location: 95
Drilling Operator: Wayne Smith drilling
Rig # : 1

Spud Date: 7-16-09

Date :
Rig Moved Off

Date to Remove Liquids by:
(30-days from rig release)

Date to Close Pit by:
(180-days from rig release)

Log Book of Daily inspections during Drilling / workover operations, weekly after rig is moved off.

Date:	Signature	Freeboard (> 2-ft.) Yes / No	Tears or Holes Yes / No	Oil Yes / No	Trash Yes / No	Remarks 7-16-09
						Transfer 4 Loads Fr Martinez To Road Runner
7-16-09	DB	3 FT	NO	NO	NO	SDT @ 5/6
7-17-09	DB	3 FT	NO	NO	NO	Night Top drill accident
7-20-09	DB	3 FT	NO	NO	NO	drlg 1210 -
7-21-09	DB	2½ FT	NO	NO	NO	
7-22-09	DB	3 FT	NO	NO	NO	
7-23-09	DB	3 FT	NO	NO	NO	
7-23-09	WS	2½	"	"	"	After Cementing
7-11-09		1 Load Fresh				
7-16-09		Transfer 3 Loads From Martinez To Road Runner				
7-18-09		Transfer 3 Loads From Martinez To Road Runner				
7-21-09		1 Load Fresh				
7-22-09		1 Load Fresh				
7-22	WS	2½' 2 Loads Fresh Cmtng Recvd - About 120 bbls				
7-24	KF					Transfer mud to R.R. #92

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

October 6, 2009

Kurt Fagrelius
Dugan Production Corporation
709 East Murray Drive
Farmington, NM 87401

Re: Pit Closure Samples

Enclosed are the results of analyses for sample number H18389, received by the laboratory on 10/02/09 at 11:20 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited though the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION CORP.
ATTN: KURT FAGRELIUS
709 E. MURRAY DRIVE
FARMINGTON, NM 87401
FAX TO: (505) 327-4613

Receiving Date: 10/02/09
Reporting Date: 10/06/09
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: NOT GIVEN

Sampling Date: 10/01/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 6°C
Sample Received By: ML
Analyzed By: ZL

LAB NO.	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE:		10/05/09	10/05/09	10/05/09	10/05/09
H18389-1	ROAD RUNNER #91	<0.050	0.203	0.200	0.780
H18389-2	ROAD RUNNER #92	<0.050	<0.050	<0.050	<0.300
H18389-3	ROAD RUNNER #93	<0.050	<0.050	<0.050	<0.300
H18389-4	FLO JO #92	<0.050	0.108	0.092	0.358
H18389-5	FLO JO #95	<0.050	0.086	0.074	<0.300
H18389-6	MARTINEZ BEGOG COM #2	<0.050	<0.050	<0.050	<0.300
Quality Control		0.060	0.052	0.048	0.163
True Value QC		0.050	0.050	0.050	0.150
% Recovery		120	104	96.0	109
Relative Percent Difference		<1.0	<1.0	<1.0	<1.0

METHODS: BTEX - SW-846 8021B.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.

Chemist

10/06/09
Date

H18389 BTEX DUGAN

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION CORP.
ATTN: KURT FAGRELIUS
709 E. MURRAY DRIVE
FARMINGTON, NM 87401
FAX TO: (505) 327-4613

Receiving Date: 10/02/09
Reporting Date: 10/05/09
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: NOT GIVEN

Sampling Date: 10/01/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 6°C
Sample Received By: ML
Analyzed By: AB/HM

LAB NUMBER	SAMPLE ID	GRO (C_6-C_{10}) (mg/kg)	DRO (>C_{10}-C_{28}) (mg/kg)	418.1 TOTAL TPH (mg/kg)	Cl* (mg/kg)
ANALYSIS DATE		10/03/09	10/03/09	10/05/09	10/01/09
H18389-1	ROAD RUNNER #91	<10.0	<10.0	<100	112
H18389-2	ROAD RUNNER #92	<10.0	47.4	239	224
H18389-3	ROAD RUNNER #93	<10.0	16.2	<100	208
H18389-4	FLO JO #92	<10.0	18.7	<100	112
H18389-5	FLO JO #95	<10.0	20.4	<100	208
H18389-6	MARTINEZ BEGOG COM #2	<10.0	<10.0	<100	128
Quality Control		567	595	342	500
True Value QC		500	500	300	500
% Recovery		113	119	114	100
Relative Percent Difference		1.8	0.1	2.1	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; EPA 418.1; Cl-: Std. Methods 4500-Cl-B
*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.
Not accredited for GRO/DRO, Chloride, and TPH 418.1.

Chemist

10/06/09
Date

H18389 TPH2CL DUGAN

CHAIN OF CUSTODY RECORD

Page_____ of _____

Client: Dugan Production Corp
Contact: Kurt Fagrelius
Address: 709 E. Murray Drive
Farmington, NM 87401
Phone Number: 505-325-1821
FAX Number: 327-4613
Kfagrelius@duganproduction.com

NOTES:
1) Ensure proper container packaging.
2) Ship samples promptly following collection.
3) Designate Sample Reject Disposition.
PO#
Project Name:
Samplers Signature:

Table 1. – Matrix Type
1 = Surface Water, 2 = Ground Water
3 = Soil/Sediment, 4 = Rinsate, 5 = Oil
6 = Waste, 7 = Other (Specify) _____

FOR GAL USE ONLY
GAL JOB #
_____

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227
Address: 75 Suttle Street, Durango, CO 81303

Sample ID	Collection		Miscellaneous				Preservative(s)						Analyses Required	Comments
	Date	Time	Collected by: (Init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH	Other (Specify)	GC-Dpitanalysis	
1. Road Runner #91	10-1-09	10:30 AM	KF	3									✓	H18389-1
2. Road Runner #92	"	12:30 PM	"	3									✓	-2
3. Road Runner #93	"	11:00 AM	"	3									✓	-3
4. Flo Jo #92	"	12:30 PM	"	3									✓	-4
5. Flo Jo #95	"	12:00 AM	"	3									✓	-5
6. Martinez Bggy	"	1:00 PM	"	3									✓	-6
7.	Gm #2													
8.														
9.														
10.														

Relinquished by: Kurt Fagrelius	Date: 10-1-09	Time: 2:20 pm	Received by: Misty Clark	Date: 10/1/09	Time: 1420
Relinquished by:	Date:	Time:	Received by: Misty LeBert	Date: 11:20a 10/2/09	Time:

* Sample Reject: [ ] Return [ ] Dispose [ ] Store (30 Days)

GC #26

WASTE MANAGEMENT

70 County Road 3140
Aztec, NM, 87410
Ph: (505) 334 1121

Customer Name DUGAN PRODUCTION DUGAN PRODUC Carrier
Ticket Date 10/17/2009 Vehicle#
Payment Type Credit Account Container
Manual Ticket# Driver
Hauling Ticket# Check#
Route Billing # 00000
State Waste Code Gen EPA ID
Manifest
Destination Grid
PO
Profile
Generator

	Time	Scale	Operator
In	10/17/2009 14:01:30	Inbound 301	nbaca
Out	10/17/2009 14:15:42	Outbound 302	vickyu
			* Manual Weight

Comments

	Product	LD%	Qty	UOM	Rate	Tax	Amount	Origin
1	MLY-MSW-Loose Yds	100	4.00	Yards	[illegible]	1.04	[illegible]	SANJ

Kurt Fagrelius
& Dugan
Dugan

Road Runner #91, #92 #93

Total Tax
Total Ticket

Driver's Signature

403WM

Submit To Appropriate District Office
Two Copies
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-105
July 17, 2008

1. WELL API NO. 30-045-34523
2. Type of Lease ☐ STATE ☐ FEE ☒ FED/INDIAN
3. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4. Reason for filing:

☐ **COMPLETION REPORT** (Fill in boxes #1 through #31 for State and Fee wells only)

☒ **C-144 CLOSURE ATTACHMENT** (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)

5. Lease Name or Unit Agreement Name: Road Runner
6. Well Number: #93

7. Type of Completion: ☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8. Name of Operator: Dugan Production Corp.
9. OGRID: 006515
10. Address of Operator: P.O. Box 420, Farmington, NM 87499-0420
11. Pool name or Wildcat: Basin Fruitland Coal

12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	D	36	24N	11W						
BH:										

13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released	16. Date Completed (Ready to Produce)	17. Elevations (DF and RKB, RT, GR, etc.)
		7-23-2009		

18. Total Measured Depth of Well	19. Plug Back Measured Depth	20. Was Directional Survey Made?	21. Type Electric and Other Logs Run

22. Producing Interval(s), of this completion - Top, Bottom, Name

23. **CASING RECORD** (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25. TUBING RECORD

SIZE	DEPTH SET	PACKER SET

26. Perforation record (interval, size, and number)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28. **PRODUCTION**

Date First Production	Production Method *(Flowing, gas lift, pumping - Size and type pump)*	Well Status *(Prod. or Shut-in)*

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - *(Corr.)*

29. Disposition of Gas *(Sold, used for fuel, vented, etc.)*
30. Test Witnessed By

31. List Attachments

32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.

33. If an on-site burial was used at the well, report the exact location of the on-site burial:
Latitude 36.27389° N Longitude 107.96051 W NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Kurt Fagrelius Printed Name Title Date

E-mail Address kfagrelius@duganproduction.com VP-Exploration 2-8-2010

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-34523	71629	BASIN FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
3823	ROAD RUNNER	93

7 OGRID No.	8 Operator Name	9 Elevation
006515	DUGAN PRODUCTION CORPORATION	6504'

10 Surface Location

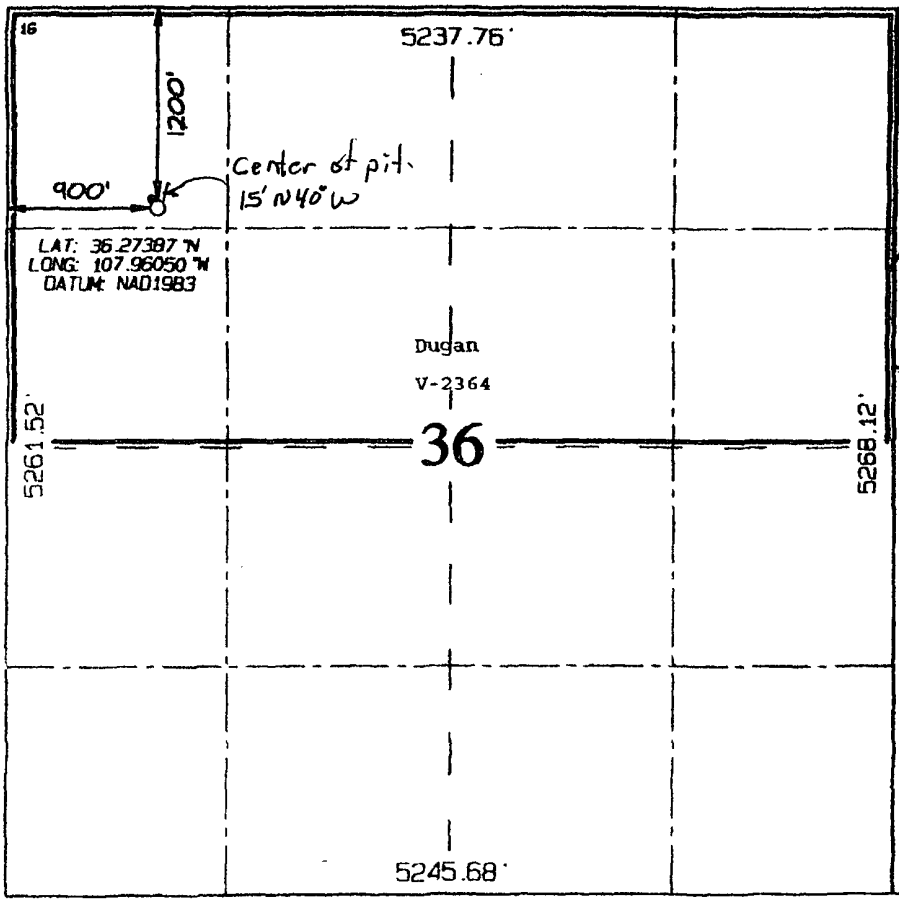
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	24N	11W		1200	NORTH	900	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 Acres - (N/2)			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelius — 12/02/2007
Signature — Date

Kurt Fagrelius
Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

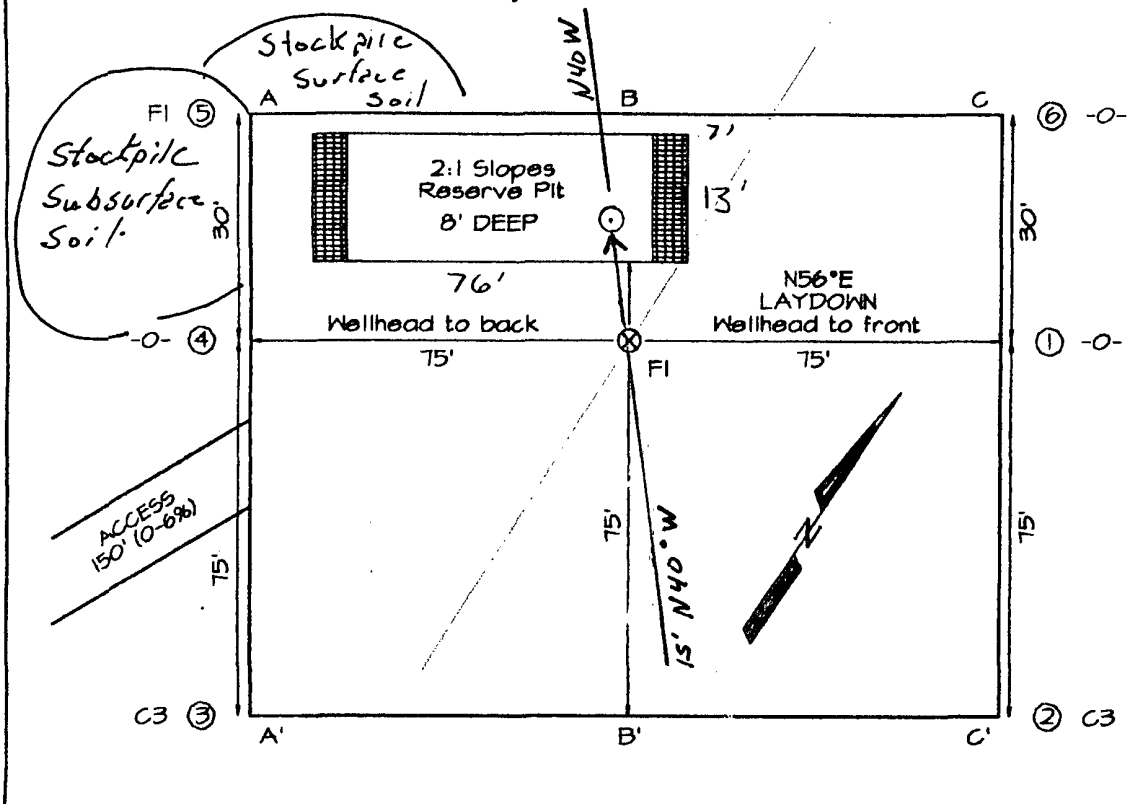
Survey Date: NOVEMBER 15, 2007

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

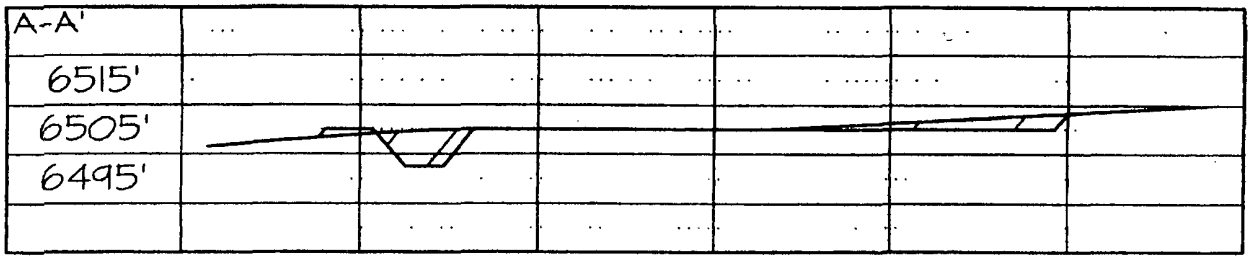
JASON C. EDWARDS
Certificate Number 15269

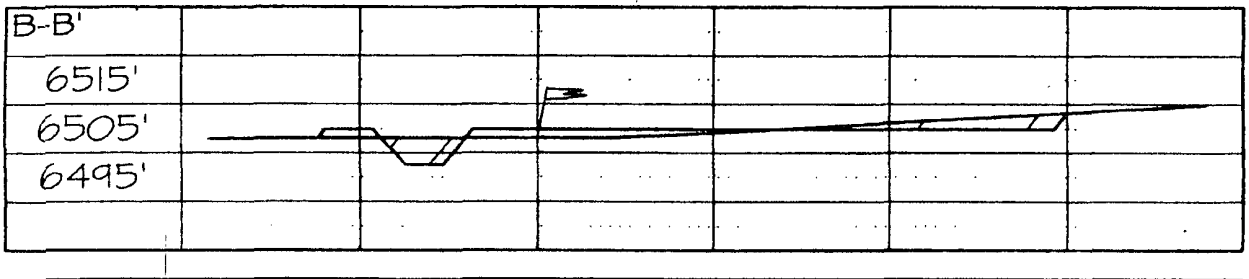
DUGAN PRODUCTION CORPORATION ROAD RUNNER #93
1200' FNL & 900' FWL, SECTION 36, T24N, R11W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6504'

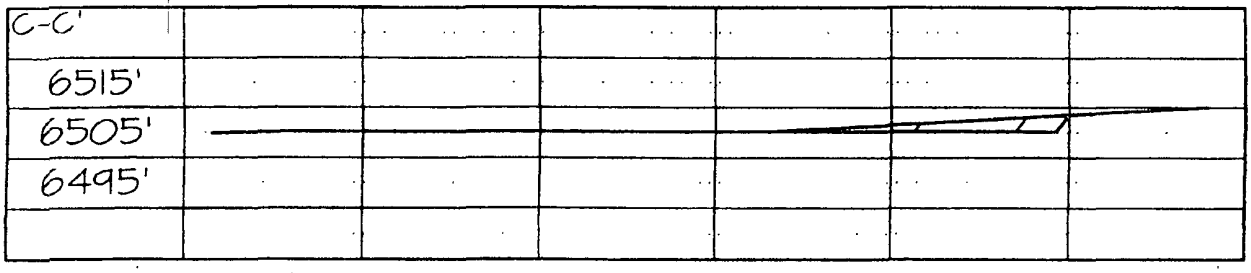


PLAT NOTE:
SURFACE OWNER Bureau of Land Management

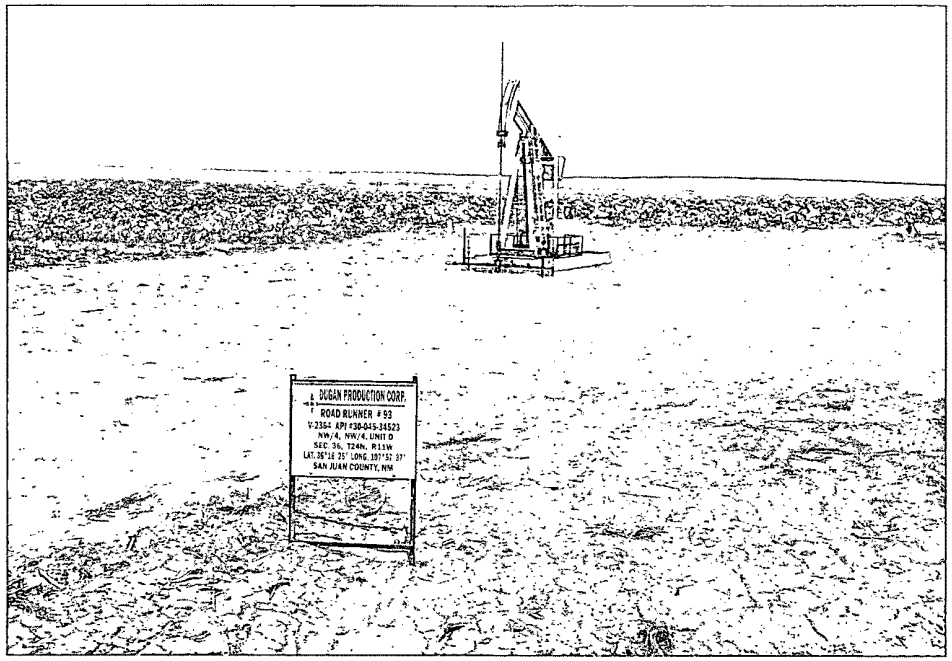
LATITUDE: 36.27387° N
LONGITUDE: 107.96050° W
DATUM: NAD1983







Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction


DUGAN PRODUCTION CORP.
ROAD RUNNER # 93
V-2354 API #30-045-34523
NW/4, NW/4, UNIT D
SEC. 36, T24N, R13W
LAT. 36°16' 25" LONG. 107°02' 37"
SAN JUAN COUNTY, NM